GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:1493
ANSWERED ON:27.11.2007
NATIONAL COMMISSION FOR ENTERPRISES IN UNORGANISED SECTOR
Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the National Commission for Enterprises in the unorganised sector (NCEUS) has reported that bank credit is being provided only to four non-agro product based industries out of hundred such industries;

(b) if so, the reaction of the Government thereto;

(c) the details of loans likely to be provided for this sector as per the guidelines issued by the Reserve Bank of India;

(d) whether NCEUS has sought modifications in RBI norms on small enterprises;

(e) if so, the details thereof;

(f) whether the Government is considering to create a national fund for the small enterprises and unorganised sector; and

(g) if so, the details thereof?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a) & (b): The National Commission for Enterprises in the Unorganised Sector (NCEUS) in its report on 'Financing of Enterprises in the Unorganised Sector' has reported that as per the National Sample Survey 55th Round, 1999-2000 on non-agricultural enterprises in informal sector, only 4.13 per cent enterprises have outstanding loans from institutional sources. The report is under examination.

(c): As per the priority sector lending guidelines of the Reserve Bank of India (RBI), the loans of non-farm unorganised enterprises sector would, inter alia, include loans provided to micro enterprises, artisans, village and cottage industries, small road & water transport operators, small business, professional and self-employed, retail trade and advances to Self-Help Groups (SHGs).

(d) & (e): Yes, Sir. The NCEUS in its report has recommended earmarking of 12% of the Adjusted Net Bank Credit (ANBC) for micro enterprises and other components of non-farm unorganised sector.

(f) & (g): To ensure better flow of credit to micro and small enterprises by reducing the risk perception of financial institutions and banks in lending without collateral security, the Government has set up a Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). The corpus fund of CGTMSE is jointly contributed by the Government and Small Industries Development Bank of India (SIDBI) in the ratio of 4:1. Further, the NCEUS has proposed creation of a National Fund for the non-farm unorganised sector, namely, National Fund for the Unorganised Sector (NAFUS) to cater to the developmental needs of the unorganised sector. The proposal is under consideration of the Government.